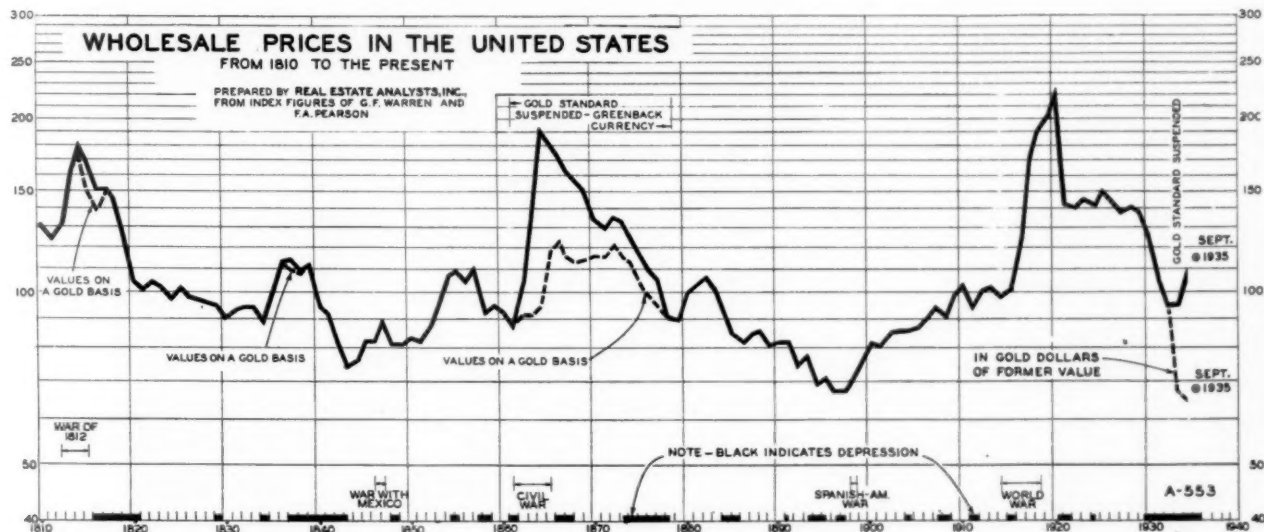




# The Real Estate ANALYST

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## THE GENERAL PRICE LEVEL AND REAL ESTATE

THE chart above shows the fluctuations in the general price level in the United States from 1810 to the current month. The broken lines shown at different periods show values on a gold basis as apart from values in irredeemable currency. The broken line during the past few years shows values in gold on the pre-valuation basis.

This chart shows quite clearly that monetary disturbances which accompany war cause tremendous price inflations, which subside gradually to substantially the pre-war level. The period of subsidence has always been a depression period.

The present period is different from the past in one respect-- we have revalued our dollar in gold.

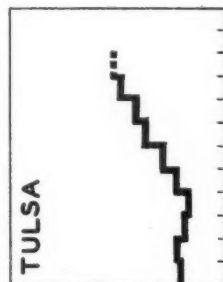
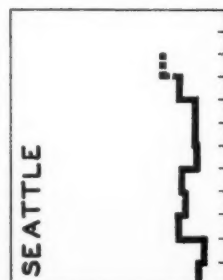
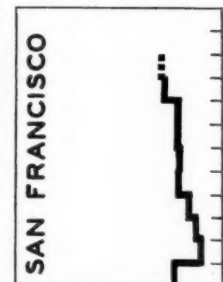
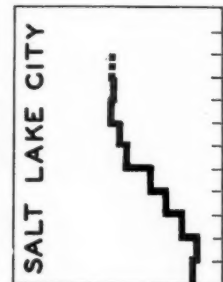
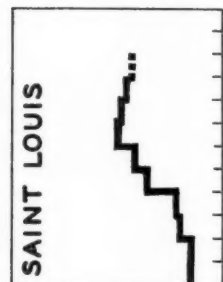
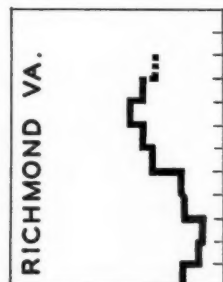
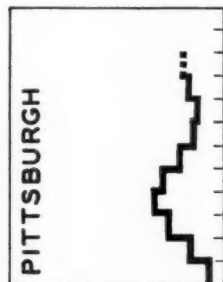
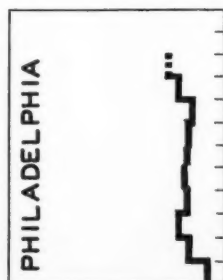
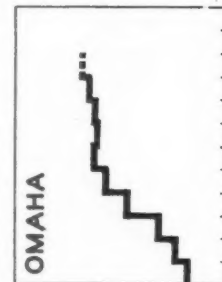
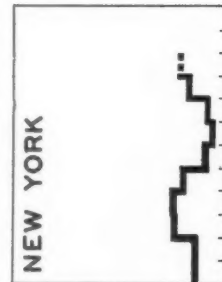
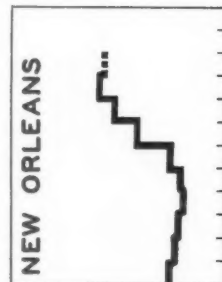
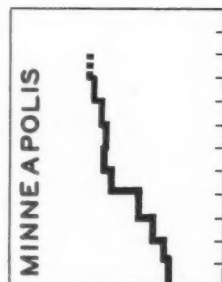
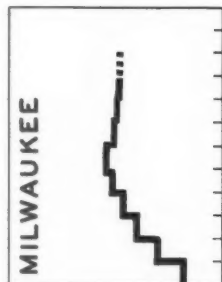
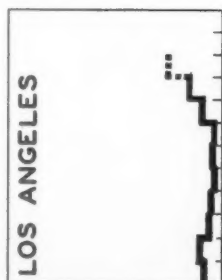
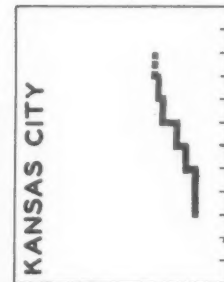
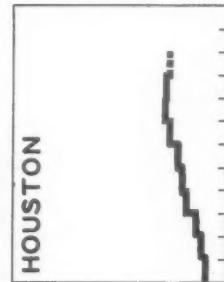
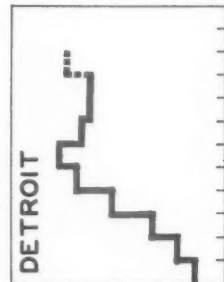
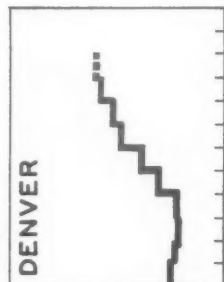
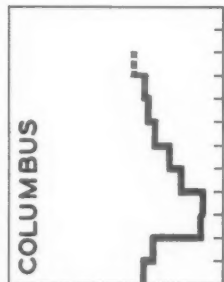
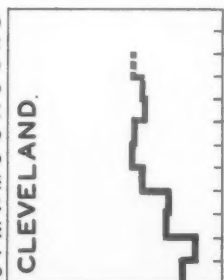
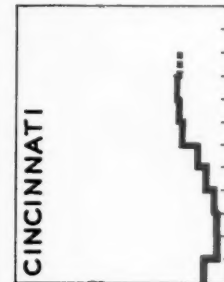
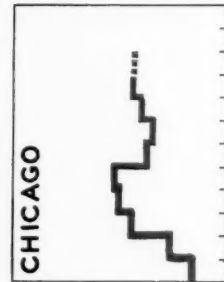
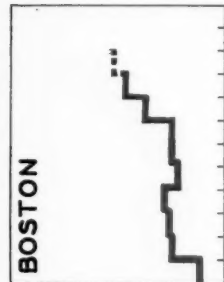
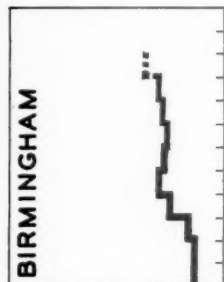
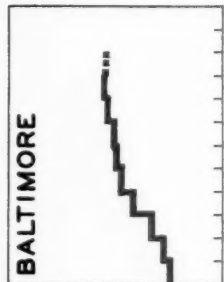
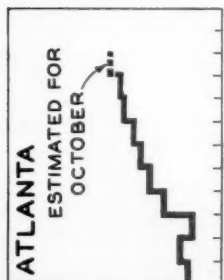
Prices in the United States have risen during the past two years. Prices in the pre-revaluated dollars, however, are lower now than they were at the time of the bank collapse. The rise in dollar prices has been largely due to the fact that our dollars are smaller. This is quite apparent on the chart.

It seems quite reasonable to suppose that prices in gold have fallen too far during the depression and that during the next few years they will rise materially. If they do, prices in our 59 cent dollars will rise above the 1926 level. This rise will be accelerated by a credit inflation which, considering our present monetary policies, seems inevitable.

(continued on page 456)

# AVERAGE ADVERTISED DWELLING RENTS 1935

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THE percentage of increase or decrease in the advertised rents for unheated dwelling units in any city can be approximated by using the thermometer scale to the left. Measure all increases from the bottom "0" on the left hand side of the scale and all decreases from the top on the right hand side. For instance, it will be found that from January to June advertised rents in Detroit rose on the chart by a distance which, when measured up on the left hand side of the scale, would indicate a rise of approximately 60%. By measuring the drop in advertised rents in Chicago from May to June and measuring down the same distance on the right hand side of the thermometer scale, it will be found that they declined during the month by between 10% and 15%.

## ADVERTISED RENTALS ON DWELLING UNITS

THE Real Estate Analyst computes the average advertised rents of residential units of various types and sizes each month in the twenty-six metropolitan cities listed below. The figures given are average rents per month per room for all units of each type, large and small, advertised in the classified columns of the leading newspapers of each city.

It is to be expected that the average of all places advertised for rent will vary considerably from month to month due to the inclusion some months of a larger number of either high or low priced units. It is surprising that this does not cause greater variation. That the trend is definitely up in single family dwellings in most cities is clearly indicated by the

figures below and the charts on the opposite page. During the summer months it was impossible to separate accurately the heated units from the unheated. This resulted in a drop in our index of apartment rents during the summer due to the unavoidable inclusion of some units in which heat was not furnished as a part of the rent. It will be noticed that in the last few months apartment rents have been advancing rapidly again, due partially, we are sure, to the ability to classify more correctly at this time of year.

The October figures shown are preliminary ones based on the advertisements appearing during the first two weeks of the month. These will be corrected to the final figure in the November issue.

### SINGLE FAMILY

### APARTMENTS

CITY	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Atlanta	\$5.66	\$5.74	\$5.56	\$6.14	\$6.47	\$6.62	\$6.78	\$6.93	\$7.09	\$7.26
Baltimore	4.86	4.98	5.19	5.51	5.77	5.86	5.88	6.10	6.16	6.15
Birmingham	4.43	4.43	4.57	4.85	5.01	4.96	4.90	4.94	5.06	5.22
Boston	6.04	6.65	6.70	6.85	6.51	6.69	6.68	7.34	7.91	8.26
Chicago	7.99	8.59	9.86	10.34	10.46	9.21	8.94	9.39	9.84	9.80
Cincinnati	7.66	7.33	7.33	7.35	7.60	7.83	8.14	8.20	8.22	8.17
Cleveland	6.93	6.64	7.34	7.29	7.95	8.18	8.02	7.88	7.94	8.20
Columbus	5.31	5.17	4.35	4.35	4.65	4.88	5.07	5.21	5.31	5.50
Denver	4.89	4.78	4.72	4.75	5.08	5.39	5.75	6.07	6.31	6.45
Detroit	5.73	6.02	6.60	7.67	8.59	9.13	8.40	8.18	8.18	8.80
Houston	6.44	6.53	6.69	6.96	7.02	7.18	7.32	7.39	7.38	7.34
Kansas City	-	-	-	4.51	4.51	4.64	4.79	4.98	5.08	5.14
Los Angeles	8.43	8.52	8.33	8.29	8.12	8.13	8.02	8.48	8.85	9.06
Milwaukee	6.94	7.60	8.21	8.58	8.91	9.08	8.81	8.61	8.52	9.52
Minneapolis	4.89	4.97	5.19	5.39	5.94	6.08	6.06	6.15	6.31	6.40
New Orleans	4.87	4.79	4.70	4.65	4.69	4.85	5.39	5.88	6.20	6.10
New York	12.20	12.28	13.25	13.32	12.91	11.98	11.59	11.96	12.23	12.56
Omaha	4.69	4.86	5.13	5.73	6.15	6.43	6.35	6.37	6.50	6.67
Philadelphia	5.38	5.58	5.76	5.58	5.67	5.63	5.63	5.48	5.77	5.98
Pittsburgh	6.29	6.72	7.28	7.67	7.43	6.99	6.62	6.52	6.70	6.88
Richmond	5.82	5.50	5.42	5.80	5.86	6.45	6.66	7.03	6.66	6.37
Saint Louis	5.69	5.64	5.89	5.97	6.55	6.82	7.24	7.11	7.05	6.86
Salt Lake City	4.44	4.39	4.66	4.90	5.18	5.56	5.66	5.76	5.74	5.77
San Francisco	7.15	6.50	6.62	6.78	7.07	7.03	7.06	7.07	7.31	7.36
Seattle	5.02	4.97	5.33	5.28	5.30	5.05	5.07	5.07	5.31	5.60
Tulsa	5.85	5.97	5.77	5.68	5.92	6.21	6.53	6.76	7.17	7.33

\*Preliminary



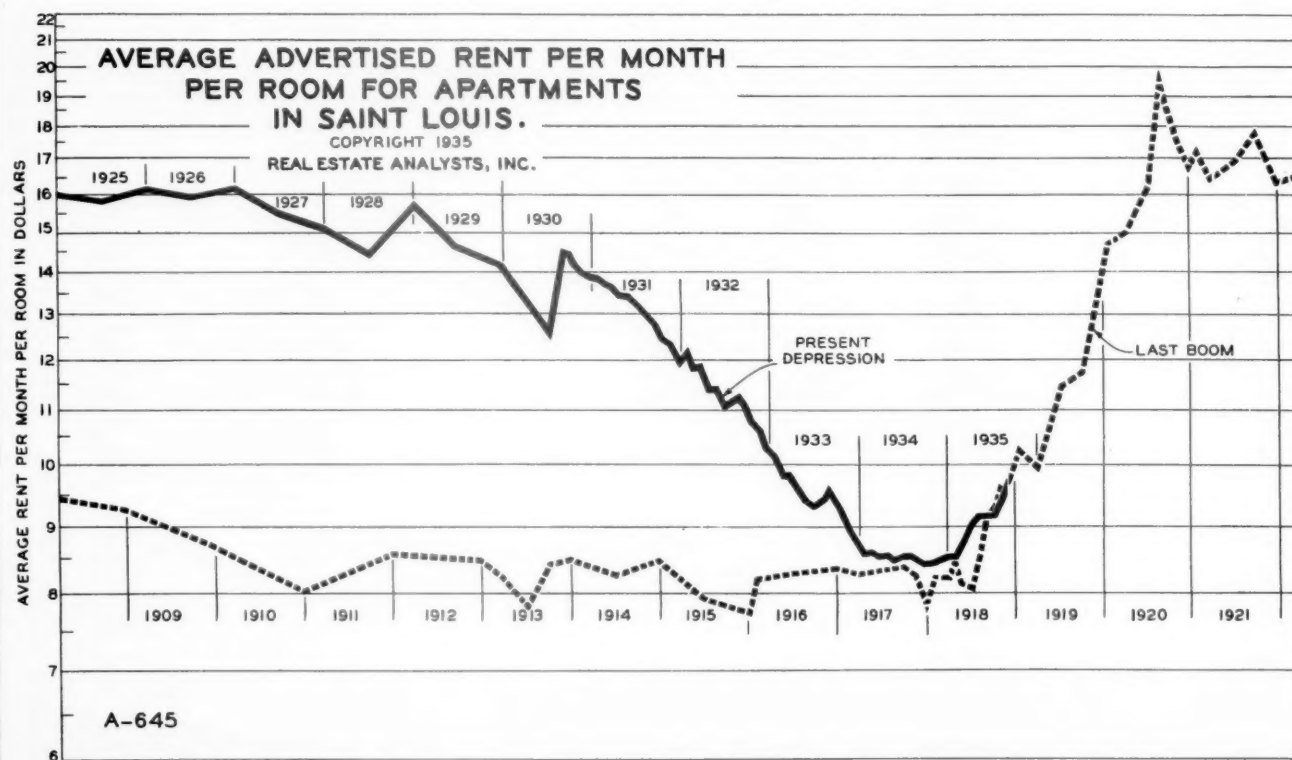
## THE GENERAL PRICE LEVEL AND REAL ESTATE (continued from page 453)

But how will this affect real estate? Our studies have shown that over a period of years rents and values are affected tremendously by changes in the general price level. The chart at the bottom of this page shows the effects on average advertised apartment rents per month per room in Saint Louis of both the rise in the general price level during the latter part of the war and the drop since 1929. After studying such figures as do exist on rents during these periods in twenty-six metropolitan areas, we believe that these Saint Louis figures are fairly representative of the changes which were taking place.

If the general price level returns to the 1926 level or goes above, it seems to us that rents and values will recover at least the amount they have lost during the depression. It is quite interesting to note that apartment rents during the worst of the depression sank to practically pre-war levels. It is also interesting to note that at the present time they are rising at about the same rate at which they rose at the beginning of the last boom.

Advertised rents of single family dwellings did not sink so low, as can be seen on the chart at the bottom of the opposite page. Apartment rents probably dropped further due to the fact that the retardation of the marriage rate during the depression has reduced the number of two-person families, and due to the doubling up in older, larger type units of families formerly living in apartments. (All vacancy surveys have always shown that doubled families rarely live in apartment units, as the space is too limited for more than one family.) This shifting of families from the one type of unit to the other during the depression exaggerated apartment vacancy and lessened vacancy in single family dwellings--accordingly, the difference in the percentage of drop in rents in the two classes.

(continued on page 457)



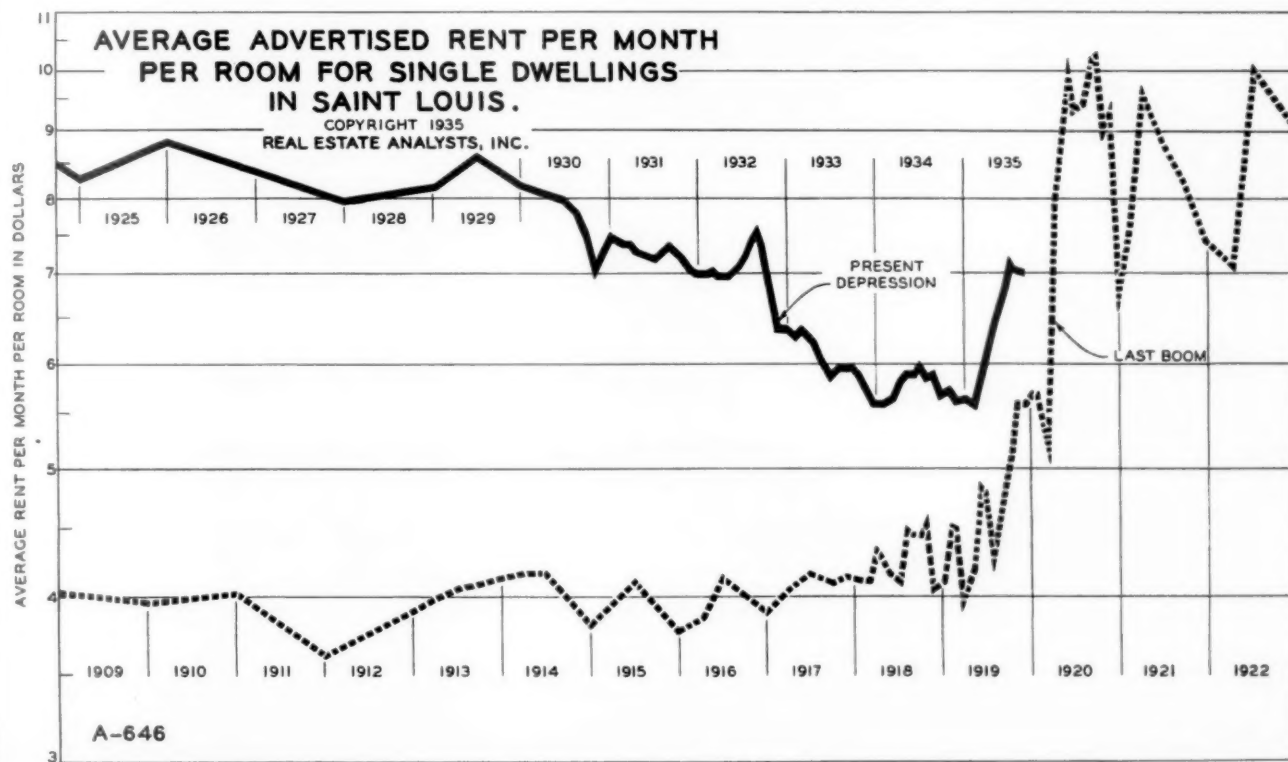
(continued from page 456)

We can see nothing less than rent control legislation which could stop the rise in rents short of the last boom levels. We think there is some chance that rents, for both single family dwellings and apartments, will go far beyond that point.

The eventual levels of building cost are, of course, the final determinant of building value. If costs not only maintain their present heights but go higher, as seems almost inevitable, the efforts of the government to stimulate any great volume of new building in advance of the rise in rents and values will fail just as all of its efforts have failed since 1931 for the same reason. Until rents and values on existing buildings rise to the point where it is apparently about as cheap to build a new structure as to buy one already built, new building will not boom. This has always been the sequence of events in the past, and we see nothing in the present picture which would lead us to believe that it has changed.

On the other hand, whenever the housing shortage in any community has caused values of properties already built and purchasable for cash to rise to their replacement cost level, building will start in that place; and very little can then be done to stop it.

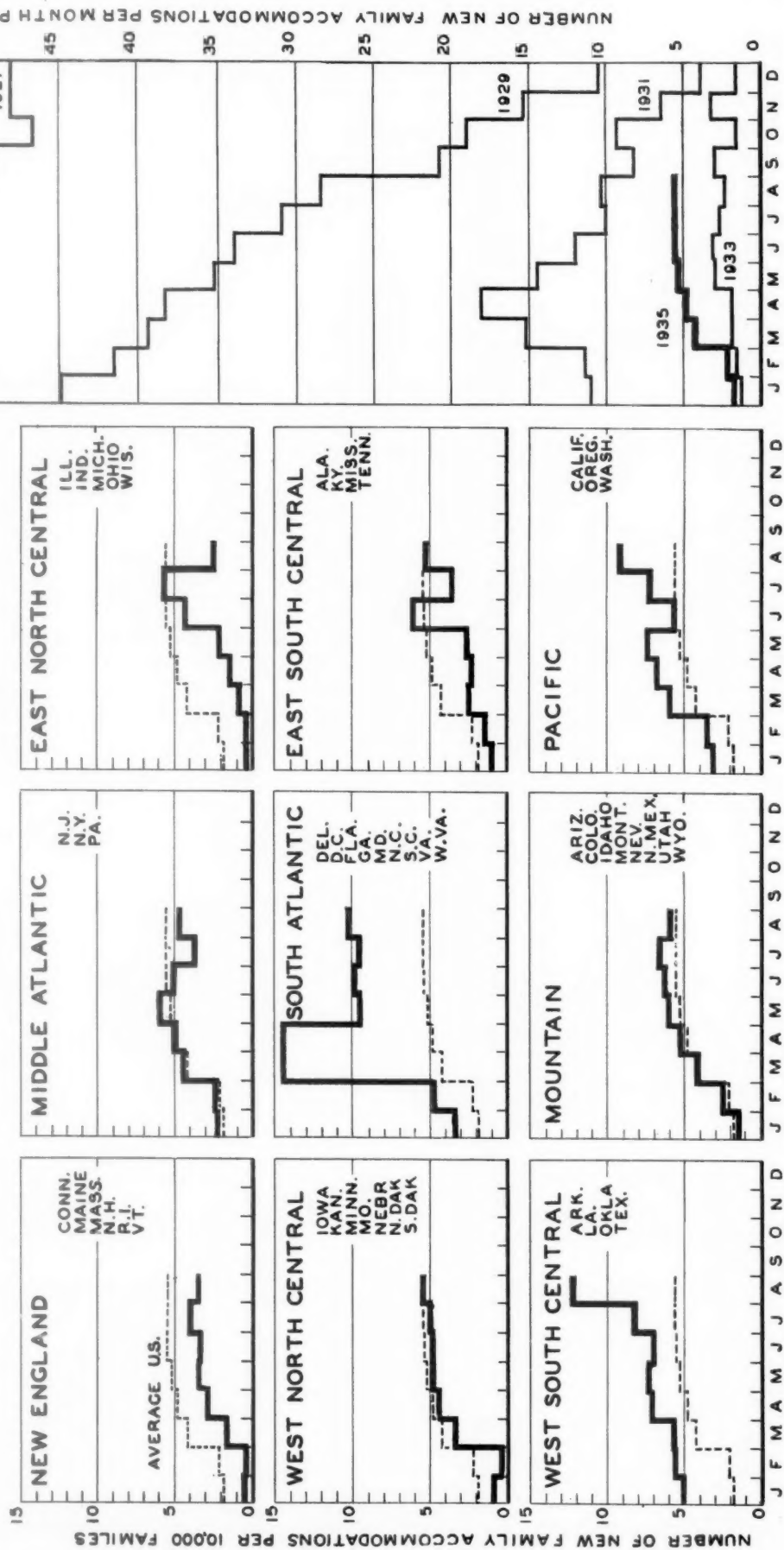
New building will undoubtedly start in many communities for this reason before it does in others. Some few scattered communities have already developed the rent-raising shortage and have experienced rises sufficient to give feeble encouragement to building. By and large, however, throughout the United States we have not yet even approached that point; and as a result, we are now building at the rate of five and a third new family accommodations per month per ten thousand families in contrast with an average of sixty-five per month per ten thousand families maintained during 1925.



## NEW RESIDENTIAL BUILDING IN THE UNITED STATES

THE nine small charts below show the monthly volume of residential building in the various regions of the United States for the first seven months of 1935. The tall chart at the right is drawn to exactly the same scale as the smaller charts and compares the present volume of building in the United States with the volume for a number of past years. In each chart the volume of new building is expressed as the number of new family accommodations provided per month for each ten thousand families. The present average rate in the United States is indicated for comparative purposes on each regional chart by the light line.

The building of new family accommodations in the United States has been proceeding during the past three months at the rate of five and a third per month per ten thousand families in contrast with a rate of more than sixty-five per month per ten thousand families in 1925.



## FORECLOSURES IN THE UNITED STATES

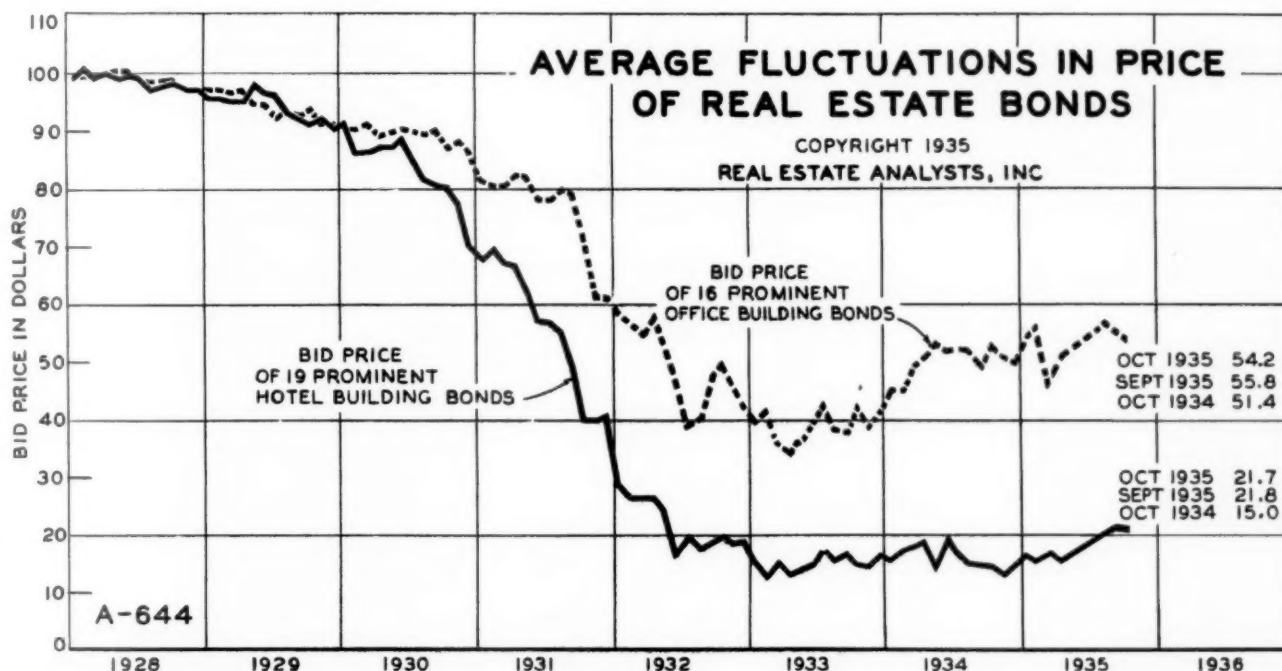
THE chart below shows the variation in the number of foreclosures in 961 urban and rural communities in the United States from January, 1932 to August, 1935. The percentage of increase or decrease in the figures from month to month can be read by the use of the small insert scale. The dash line shows a preliminary figure for September.

The drop in the foreclosure rate since March is the most rapid we have yet experienced. The final figure for August is 22.2% below the high in 1933, and the preliminary figure for September is 28.5% below. Foreclosures are now lower than they have been at any time since the bank collapse. The rapid drop in the last half of the year was forecast in the January, 1935 forecast issue of the Real Estate Analyst.



## FLUCTUATIONS IN THE PRICES OF REAL ESTATE BONDS

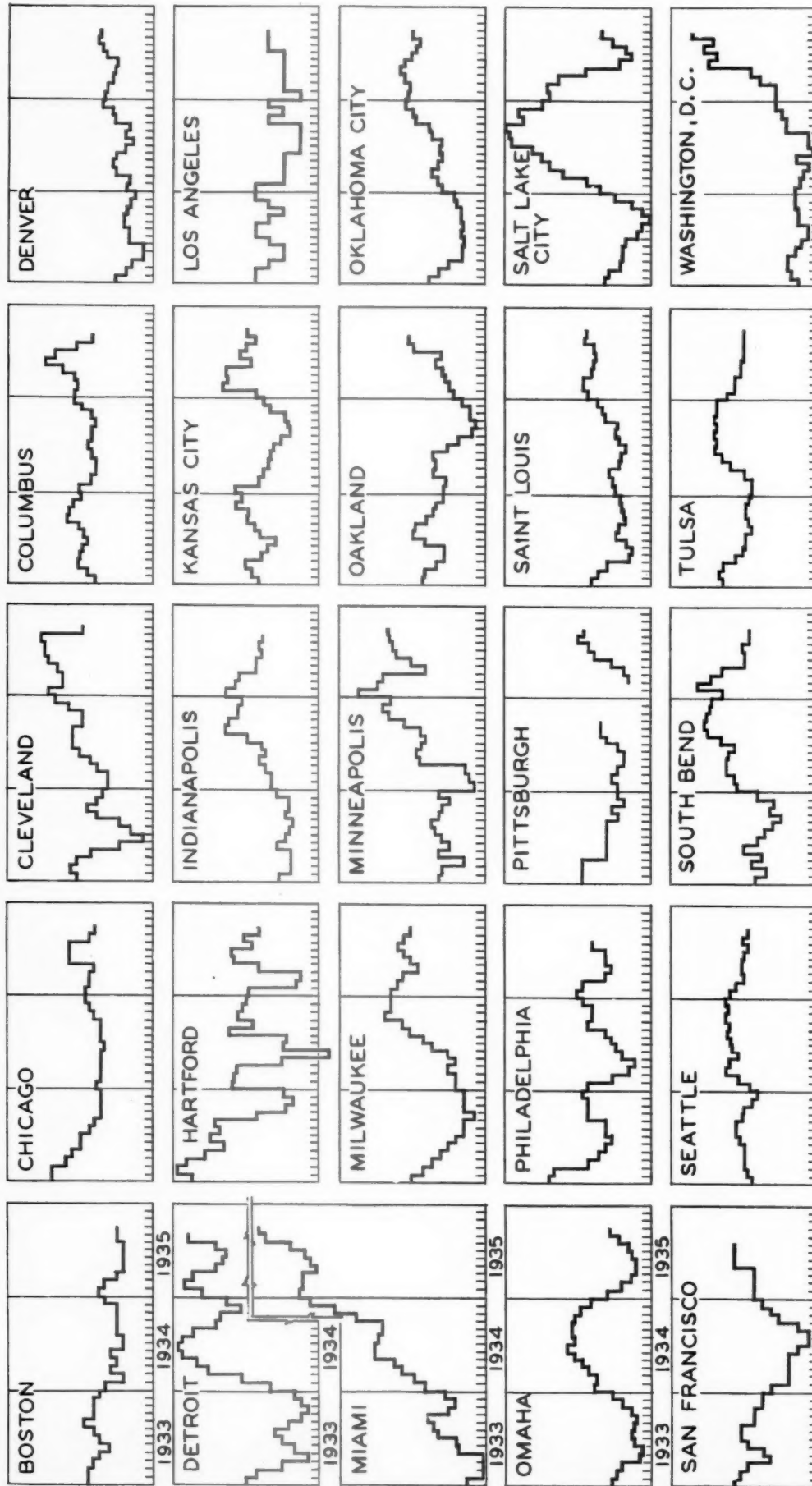
THE chart below shows the average fluctuations month by month in the bid prices of a selected list of office and hotel building real estate bonds, described on page 447 of the September Real Estate Analyst. The October prices on office building bonds were rather consistently lower on practically the entire list of buildings. The hotel building bonds in our list showed no consistent trend, some showing advances which were offset by comparable declines in others.





# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES 1933-1934-1935

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THE percentage of increase or decrease in the number of voluntary transfers of real estate in any city can be approximated by using the thermometer scale to the left. Measure all increases from the bottom "0" on the left hand side of the scale, and all decreases from the top "0" on the right hand side. This chart shows the last three years' experience in selected principal cities more or less typical of their areas.

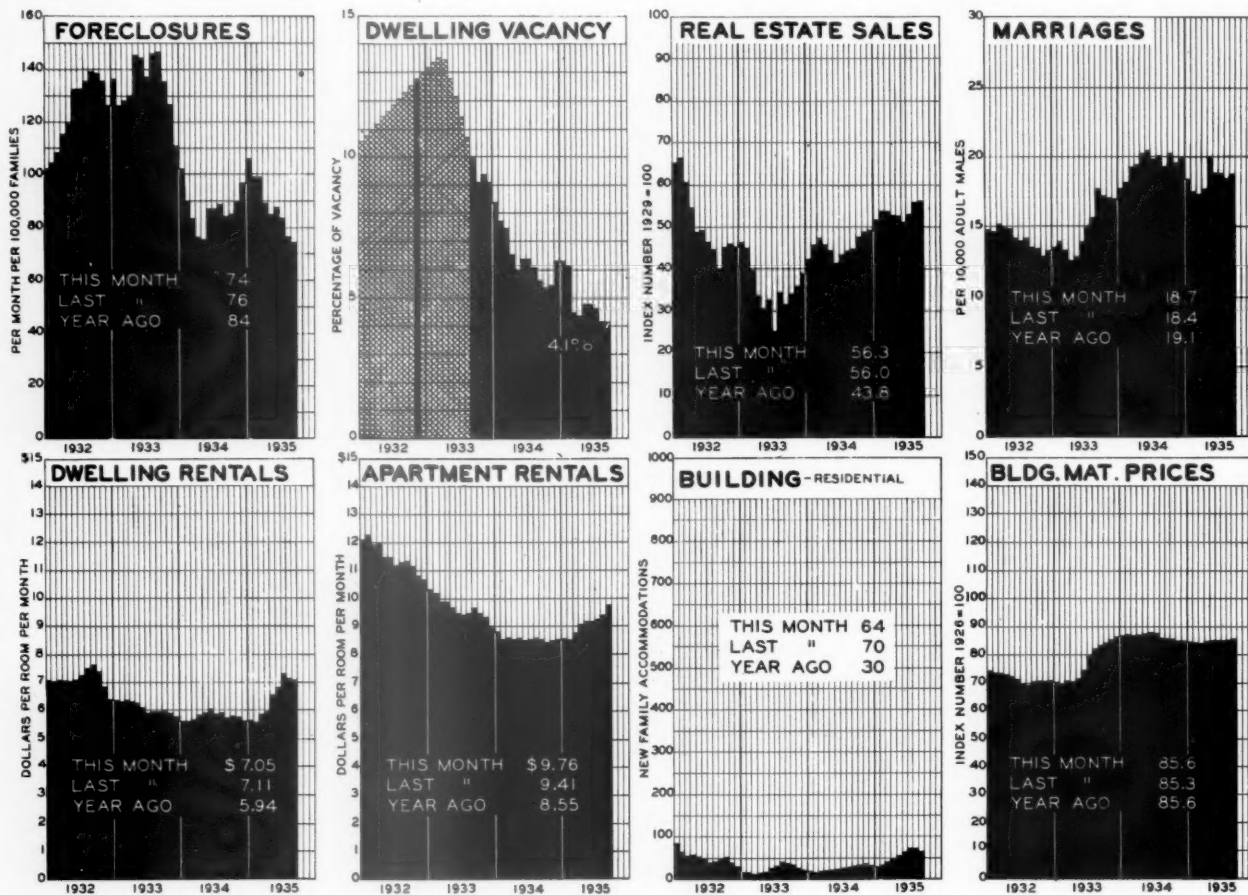
While a great deal of variation is apparent in various cities, the average of all principal cities, as shown by the black areas on the chart on the back page, indicates rather clearly that the bottom was passed in the spring of 1933.



## FEDERAL HOUSING

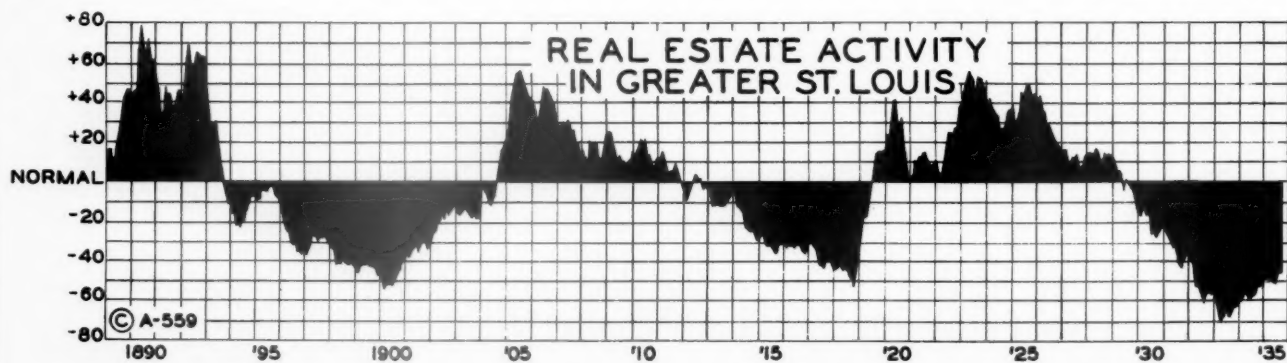
THE Housing Division of the Public Works Administration on October 2, 1935 had practically completed three thousand family accommodations in seven cities and had 23,700 more in thirty-one cities either started or approved. All of those completed were of the limited dividend variety, where the equity is owned by a local corporation and an 85% loan was made by the government. The remainder are all direct federal projects with no private interests whatever. The table below shows the present status of all projects and the number of family accommodations provided by each.

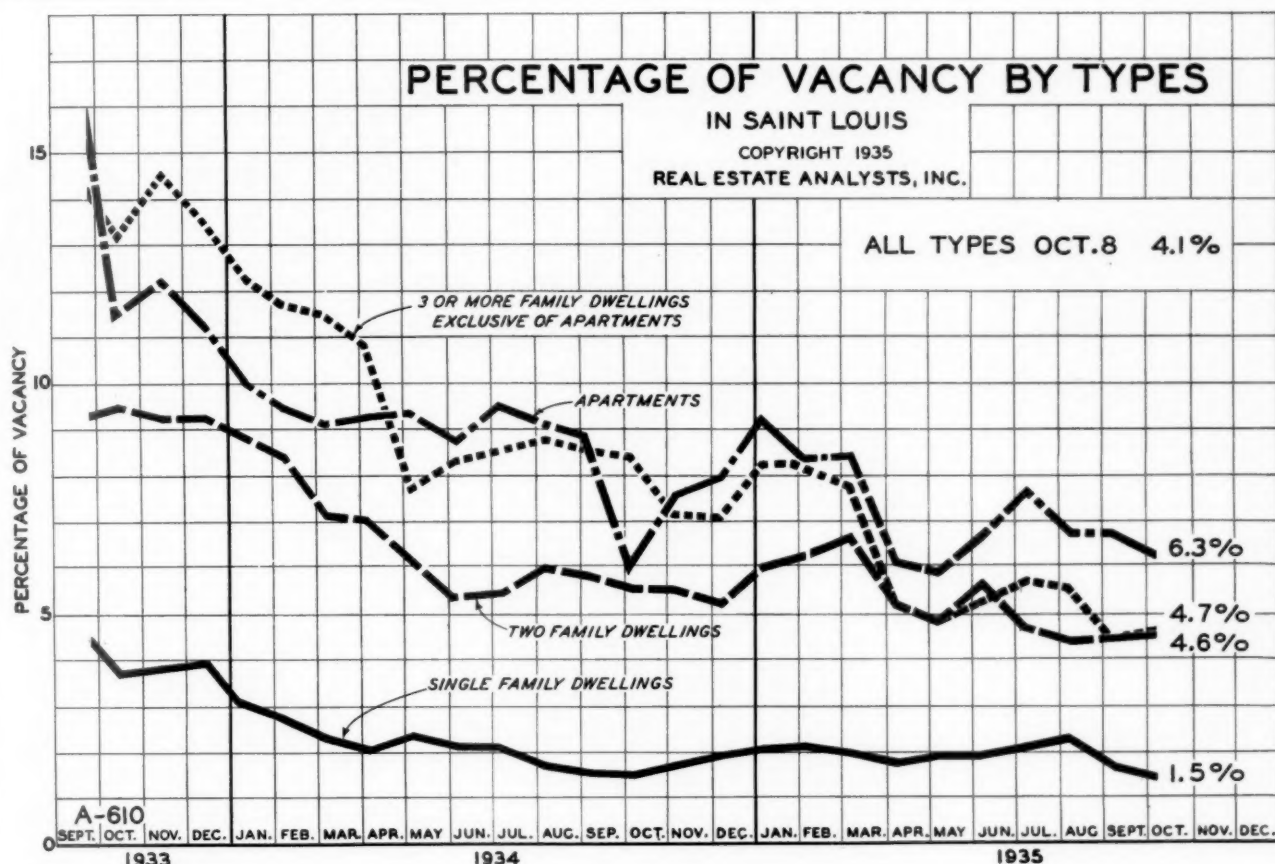
	Completed or nearing Completion	Under Construction	Approved, Sites Secured or in Proc- ess of Assembly
	Number of Family Accommodations		
Alta Vista, Va.	50		
Atlanta, Ga.		1,279	
Atlantic City, N.J.			337
Birmingham, Ala.			712
Boston, Mass.			1,191
Bronx, New York City	1,416		
Buffalo, N.Y.			893
Cambridge, Mass.			579
Camden, N.J.			595
Charleston, S.C.			291
Chicago, Ill.			1,896
Cincinnati, Ohio			1,278
Cleveland, Ohio		654	1,232
Columbia, S.C.			162
Dallas, Tex.			215
Detroit, Mich.			1,925
Euclid, Ohio	43		
Indianapolis, Ind.		1,034	
Jacksonville, Fla.			253
Lexington, Ky.			350
Louisville, Ky.			403
Memphis, Tenn.			1,329
Miami, Fla.			255
Milwaukee, Wis.			458
Minneapolis, Minn.			694
Montgomery, Ala.		158	100
Nashville, Tenn.			738
New York City			2,754
Oklahoma City, Okla.			539
Omaha, Nebr.			483
Philadelphia, Pa.	284		340
Queens, New York City	960		
Raleigh, N.C.	54		
Saint Louis, Mo.	252		
Stamford, Conn.			165
Washington, D.C.			322
Wayne, Pa.			62
Total	3,059	3,125	20,551
GRAND TOTAL			26,735



THE chart on the back page of this issue is based on figures from principal cities scattered from coast to coast. It should be kept in mind that the cycles shown on this chart have been continuing in fairly regular sequence for at least a hundred years. The cycles as they have occurred in Saint Louis during the past forty-six years are shown in the chart below.

The small charts above, with the exception of the one on building material prices, show the various factors we are studying in Greater Saint Louis. A precise, exhaustive study over a long period of years of all factors affecting real estate in a single representative community is often of greater value in determining the sequence of events in collapse and recovery than is a more general study of the entire country. A microscopic study of the cell structure of a single plant may disclose more of the basic botany than a casual walk through acres of field and forest.





**T**OTAL residential vacancy in Saint Louis showed practically no change during the past month, although there were some changes in the relative showing of various types of units. Heated apartments and single family dwellings showed some further absorption of vacancy, while two or more family dwellings, exclusive of heated apartments, showed a slight drop.

There are now 19,175 fewer vacant dwelling units than there were in November, 1932, when there were 28,207. This is an absorption of 68%. However, the peak of vacancy probably came five months later, in April, 1933. It is believed that by that time vacancy had increased to more than thirty thousand. Less than thirty per cent of the number of dwelling units vacant then are still vacant.

Month	Vacancy	%	Absorption
November '32	28,207	12.8	
September '33	23,354	10.4	894
October	22,460	10.0	2,010
November	20,450	9.1	-900
December	21,350	9.5	1,102
January '34	20,248	9.1	1,598
February	18,650	8.3	1,100
March	17,550	7.8	900
April	16,650	7.4	1,950
May	14,700	7.5	1,200
June	13,500	6.0	-500
July	14,000	6.3	0
August	14,000	6.3	400
September	13,600	6.1	1,100
October	12,500	5.6	400
November	12,100	5.4	0
December	12,100	5.4	-1800
January '35	13,900	6.2	0
February	13,900	6.2	300
March	13,600	6.1	3,670
April	9,930	4.5	180
May	9,750	4.4	-950
June	10,700	4.8	0
July	10,700	4.8	500
August	10,200	4.6	1,100
September	9,100	4.1	70
October	9,030	4.1	
Absorption since November '32			19,175



